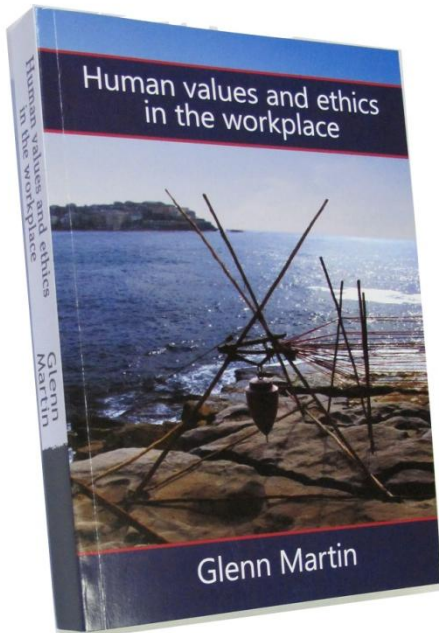


# Human Values and Ethics in the Workplace

Glenn Martin



Is it possible in the current business environment to work and lead with integrity and values?

In **Human Values and Ethics in the Workplace**, Glenn Martin shows how people's values and behaviour arise out of their beliefs - their world view. He offers a framework of values that enables us to move beyond the legal compliance perspective towards constructive, high-quality relationships, and a sense of worthwhile purpose in work and life.

Glenn also presents a five-dimensional model for human values that explains why cultures around the world have arrived at similar core values. He explores how we can develop the practice of living, working and leading ethically. Rather than being an additional burden on people or organisations, ethics and values are a liberating force, indeed, the very basis for sustainable success.

“At last, a book for all managers and leaders on how to walk the talk on ethical practice and decision-making. A must-read handbook for all those who are committed to raising the bar of integrity in their life.”

Alastair Rylatt, author of *Winning the Knowledge Game*

## About the author:

Glenn Martin is a writer on management, human resources, learning and development, and ethics, with over a decade of published work in many Australian professional publications. He is also the author of the novel **The Ten Thousand Things**.

See the Ethics and Values in Business website at: [www.ethicsandvalues.com.au](http://www.ethicsandvalues.com.au)

Published by GP Martin, 2010. 317 pages.

ISBN 978-0-9804045-0-0

RRP \$33.00

Available at selected bookstores.

Contact: [glenn@glenmartin.com.au](mailto:glenn@glenmartin.com.au)

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G.P. Martin Publishing

# Introduction

## *Author's note*

When this book was first published, in late 2007, the business ethics issue that stood to the fore was the spate of corporate collapses around 2001 in the USA, Australia and elsewhere in the western world. Since then we have experienced the phenomenon of the global financial crisis, with a myriad of collapses of huge banking institutions around the world and the intervention of governments to support their economies, on an unprecedented scale.

The global financial crisis raises fundamental issues about the functioning of capitalism, and the role of governments in regulating corporate behaviour. Nevertheless, I continue to believe that the most serious issues facing society are not the design of a new “ism”, be it “new capitalism”, “social capitalism” or whatever, but the attitudes of people in business and in all types of organisations towards ethics and integrity in their personal and corporate conduct.

The physical environment has also come to the fore in just a few years (finally!) as a pressing social and economic issue. But governments do not yet have an adequate sense of urgency about this issue, as was demonstrated in Copenhagen in 2009.

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The content of this book has been reviewed in the light of these events and other developments since 2007. Yet in essence it stands as it did then. The concepts in the book provide a framework for thinking about ethical issues, taking the perspective that there is a universal set of core human values. The framework incorporates the physical environment just as much as the economic environment.

It is implicit in the book that organisational change, and change in the business world, is predicated on personal change and growth. Leaders must first change themselves. The book also remains primarily directed towards people who are not in positions of power. It speaks to people who have to make ethical choices every day in the course of their work, from their place in the web of relationships in their organisation.

*Sydney, May 2010*

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Many people, unfortunately, do not believe it is possible to work ethically or with integrity. They believe that their employers – through managers and shareholders – prevent it, because revenue and profit targets dominate work decisions and behaviour. Alternatively, if they are managers, they believe the business environment forces them to act in ways that would be best not subjected to too much moral scrutiny. Perhaps it involves lying to customers (or just being a little bit cavalier with the truth). Perhaps it involves making decisions they know are unfair, because they just want to “get the job done”.

So, a book that says it is possible to work with integrity – in the current business environment – is making a bold statement. There may be a view that says organisations have undergone a shift in recent times in response to the spate of corporate collapses such as Enron. This view says that new compliance regimes have finally made organisations take ethics seriously. But although it may not be fashionable to say so, there is a widespread feeling that compliance (and ethics) is just another burden and constraint on business.

The prevailing view, still, is that business is tough and, if you want to succeed or even survive, you have to be prepared to cut corners, be rough,

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package the truth for the occasion and squeeze what you can out of workers. Business is still widely seen in terms of football – you set out to defeat opponents, and you should not be afraid of getting and giving bruises.

Contrarily, despite the dominance of this view, people persist in expecting business to be fair. They continue to hope that companies will be honest and expect that employers will act with decency. As employees (workers or managers), they continue to feel the conflict between right conduct and what they see themselves, on a daily basis, being forced to do. In the face of this pressure they may adopt an attitude of resigned helplessness. But this can only ever be a temporary solution, because the issue of ethics never goes away, and living in a state of dissonance between our ethical principles and our behaviour is unhealthy.

And managers themselves, when asked why people would want to follow them, do not say, “Because of my single-minded focus on the bottom line”. Rather, they refer to values like honesty, integrity, consideration for people and capacity to inspire them. There is an admission here of the importance of ethics and relationships to business success, even from the people who are directly charged with the responsibility for producing the bottom-line results through the struggle with competitive forces.

### **Objectives**

It would be easy to be disheartened about the possibility of working ethically. The pressures of business are pervasive, persuasive and relentless. But the hope remains that business might be conducted successfully *and* with ethics. To nourish that hope this book aims:

- to articulate our persistent, intuitive feelings about ethics (which are to a remarkable extent shared with others)
- to propose a framework for ethics using a model of the person based on core human values
- to suggest ways of working that are in harmony with our conceptions of ethics but which also enable us to act powerfully and creatively.

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Although we are all adept at rationalising our conduct when we suspect we are doing something dubious, we know that ethics still means something to us when large-scale business catastrophes occur. The opening years of the 2000s saw a number of huge corporate collapses in Australia and the USA, all of which threw up questions of ethics. In Australia, between 2001 and 2003, HIH, One.Tel, Ansett and Pan Pharmaceuticals all fell, with combined losses of close to \$10 billion. In the USA, Enron and WorldCom were collapses of unprecedented magnitude. Enron then brought down Arthur Andersen's with it, one of the world's largest accountancy firms.

In all of these cases, questions of ethics were at the fore. In some cases the question was whether the corporation had been operating its affairs honestly and legally. Some of these corporations had been misrepresenting their financial situation. And of the executives involved, as well as breaking the law, some of them would seem to have inappropriately requisitioned enormous amounts of company funds for their own benefit.

Suddenly, society was reminded that running a large company carries moral responsibilities – to shareholders, employees, customers and society; it is not a game without rules for those who are sitting in the seats of power.

### ***Pervasive ethics***

The fact that these corporate collapses were immediately understood – across society – as ethical crises, demonstrates how deeply ethics sits within us all. It was clear that people generally share common ground on basic ethical values like honesty and fairness, and they expect people to abide by these values in business as well as in ordinary life, even in the intense, high-stakes, competitive world of big business.

The problem is, if we accept that those corporate disasters were failures of ethics, we are recognising that ethics is ever-present at work. Some people still try to quarantine ethics, by saying or inferring that it only applies to certain types of situations, but this is a flawed perspective. To maintain that there can be business decisions and actions that are “ethics-free” is to misconceive what ethics is. The reality is that ethics is a lens that offers its perspective on any situation, and hence it applies to any and all situations.

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Ethics is therefore a pervasive element in business, because its perspective applies to any business decision. A manager may be faced with a decision to cut costs, which may involve making some employees redundant, but it is a mere bluff to say that this has to be looked at in economic terms only. Whether the manager acknowledges it or not, the human aspects of the situation are real, which is to say the decision has ethical implications.

Interestingly, once the lens is widened to embrace the human and ethical aspects, it becomes clear that the narrow economic view has multiple faults. The ethical perspective presented in this book highlights the role of imagination and innovation in addressing ethical issues. What we can observe here is that when the lens is widened to include people and values, a richer understanding of the problem emerges, and a greater scope for solution-finding ensues.

Being clearer about ethics has the potential to radically alter how we work and live. It is thus a very practical enterprise to examine our ethics and clarify where we stand. It is not a mere philosophical indulgence or a game of words.

However, the closer we get to daily work decisions and routines, the harder it becomes to agree on what it means to act ethically. The most challenging argument the would-be ethical worker or manager has to confront is, “we have to do this if we are to survive”. How does the ethical perspective deal with this?

### ***Ethics and success***

It would be nice to think that working ethically is not an encumbrance but is actually the foundation for our business success. It would be nice to think that examining ethics will make it easier for us to deal with the complexities, quandaries and choices that organisational life presents us with. This book will indeed assert that there is a positive relationship between ethics and success, but it does not take the naïve, simplistic view that “good ethics is good business”.

It would be foolish to create the impression that having an ethical perspective on organisational conduct will always smooth the path to success. The very point about ethical choices, in many if not most cases, is that they confront us with a choice between what seems advantageous and

what seems costly. In fact, this is central to how Immanuel Kant, the 18<sup>th</sup> century ethical philosopher, defined ethics.

The distinction Kant made was between prudence (what is of tangible benefit to me) and ethics (what is my duty). The treatment of ethics and success in this book will show that the relationship between them is not as stark and contrary as Kant implied but it is, at the least, complex.

Presuming we accept that we are not primarily looking at ethics because we see it as merely another tool for success, what benefit might our examination bring? A preliminary answer is this – increasing our understanding of ethics is beneficial in a similar way to increasing our knowledge, or improving our physical fitness.

To take the latter, becoming more physically fit will not guarantee that we won't get knocked down by a bus. It might not stop us from getting the flu. And even the process of getting fit can be painful or hazardous – we might feel awful for a while when we start to train, and we might strain a muscle. But we know from the experience of other people that we will be better off if we get fit. We will be capable of doing more, we will feel better about ourselves, and we will be more prepared for physical adversities that come our way.

Similarly, we generally accept that increasing our knowledge is preferable to being ignorant and not learning. Learning is a basic inclination for all but those who are depressed or repressed. An assumption of this book is that it is part of people's nature to look at human conduct from an ethical perspective. We make ethical valuations of our own and other people's behaviour every day. The book builds on our latent need to understand ethics and to know that we are acting consistently with our own ethical principles.

### ***Practical ethics and moral philosophy***

Immanuel Kant was mentioned above, but it should be noted that this book does not take a “history of moral philosophy” approach to ethics. The intent is to provide a practical and useful perspective on how to work and manage ethically in the contemporary business environment. The book will start from shared notions of values and ethics, and build a framework that makes sense of our experience of ethics, as a basis for understanding

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people's behaviour. The outcome desired is that readers can foster their own development and act with strength and integrity.

The task of recounting the origins and the vicissitudes of ethical theories belongs elsewhere. Reference may be made here to key thinkers from time to time. The range of contributors to ethical discourse is nowadays extensive. Not only is there the considerable store of western moral philosophy going back to the Greek philosophers like Socrates, there is also a multitude of non-western works, both ancient and modern. Taoism, Buddhism, Islam and Hinduism, as examples, all provide ethical perspectives that influence current thinking.

One of the common shortcomings of the moral philosophy approach is that, as managers and workers in organisations, we are never dealing with philosophical issues at an abstract level. Organisational life is never simple or clinical. We are dealing with strategic and operational issues that demand decisions, and at the same time involve psychological and social questions.

Drawing out the ethical aspects of a situation can be all the more difficult when the main protagonists only want to focus on budgets and "hard data", confining the conversation to "knowledge and logic". So a first step is recognising that we have to take into account people and their psychological and social complexities. There is also the challenge of gaining acknowledgment of the fact that emotions, attitudes, beliefs and motivations do play a large role in business decisions, however much managers or workers might want to believe that this is not so.

The doorway to recognising that ethics is already present in organisations is the acceptance that actions affect people (and the environment). Business actions are not just a matter of dealing pragmatically with physical facts about resources and financial objectives. Nor are actions the result of manipulating cognitive knowledge, concepts and abstract models with logic and reasoning alone. Every action that happens in organisations is subject to the criterion of how it affects people – and the environment.

Nevertheless, we could say that a good deal of what we do in organisations involves philosophical work, such as clarifying issues and working towards consistency of words and action. Philosophy provides us with tools with

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which to work, but it does not overcome the need to decide and act in workplace situations that are both complex and involve conflicting ends.

Our purpose here is to start with common perceptions and concepts and build a framework that illuminates the daily dilemmas of the workplace, so our scope is therefore narrower and more instrumental than that of the philosophers. At the same time, we do not believe that a useful approach can evolve out of a succession of case studies. To quote Edgar Schein: “There is nothing so practical as a good theory”. We need to explore concepts and frameworks to establish a comprehensive and consistent basis for dealing with ethical questions.

Moreover, in acknowledging this we must allow that social factors also intervene. The behaviour and the discussions of managers and workers are likewise influenced by what others think – their peers, supervising managers, team members, customers and clients, suppliers, the public, and whatever reference groups are significant to them. Hence, a practical ethics that is realistic and helpful has to grapple with issues of personal psychology, social psychology and organisational behaviour.

The book’s title indicates that the concept of human values will inform the approach to ethics. Approaches to ethics can fall into a number of camps:

- they can maintain that ethics are universal standards, or alternatively they can argue that ethics are relative to context, such as cultural, national, industry or religious norms
- some writers also approach ethics as an absolute injunction about right and wrong, while others leave room for flexibility and variation in conduct according to situational factors
- other writers come from a legal perspective, relating conduct to social standards as expressed in law
- ethics can be viewed from a personal perspective, emphasising conscience and duty.

As in all matters relating to humans and their relationships, these varied approaches are not necessarily contradictory and it is not a question of whether some are true and others are false. It is, rather, a matter of articulating an approach that helps us to understand what happens in

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organisations and to make choices about what we are to do, choices that enable us to live with ourselves and in dignity.

### ***Criteria for practical ethics***

To be helpful, a practical approach to ethics should fulfil the following:

1. It should resonate with our experience, both our individual experience and our collective understandings.
2. It should be comprehensive, addressing the breadth of our ethical dilemmas, and capable of guiding and illuminating all the situations that we are likely to encounter.
3. It should be applicable to a society, by which is meant that it is communicable to people of different backgrounds, persuasions and cultures (and to the myriad of sub-cultures that constitute society and organisations).
4. It should bridge two vastly different conceptions of ethics, namely:
  - a. the view that ethics in organisations can only usefully be about compliance – about satisfying a minimum common standard (the law or a company policy)
  - b. the view that ethics must also include aspiration – striving for high levels of excellence in personal and organisational conduct.

The human values approach to be pursued in this book can be applied to both the compliance perspective and the aspirational perspective. It can give us a common language for discussing ethics and a foundation for understanding organisational behaviour.

### ***Human values***

What do we mean by human values? The entry points for discussion of human values are the common words we use to describe qualities that we approve of in people, words that everyone is familiar with – honesty, fairness, respect, decency, generosity, integrity, kindness, courage..... Conversely, there are qualities of which we disapprove – deceit, cruelty, meanness, fickleness.....

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We denote these qualities as human values for two reasons. Firstly, they generally arise as qualities of humans (although it is also open to us to talk about loyal dogs or disdainful cats!). Secondly, calling them “human values” distinguishes them from values as used in an economic sense. In business contexts this is an important distinction to make, as we are frequently called upon to “add value” or to “give value for money”. Moreover, human values denote approval of a quality rather than the quantification of an economic outcome.

The human values mentioned above are familiar to us from the terminology of character education, although it would have to be said that most people in society now have a fairly stunted experience of character education. Given that most people nowadays do not belong to a church and were never subjected to systematic teachings about right conduct, and that the school system is reluctant to take on this role, most people owe their primary understanding and articulation of human values to informal education through parental guidance, movies and television dramas.

Nevertheless, a starting point is a starting point. In general, people have little difficulty conveying what they mean when they speak of love, truth, peace or courage. It is when complex situations arise, as they often do in organisations, that misunderstandings and disagreements eventuate. We shall venture in this book to present a framework for human values that explains why these misunderstandings happen.

A “core human values” model will be presented as the foundation for addressing ethical issues. The human values approach is an alternative to offering a smorgasbord of different approaches from moral philosophy. The contention is that human values provide a useful language and framework that is more accessible and practical than the sometimes arcane philosophical language of deontology, utilitarianism, justice theory and virtue ethics.

Core human values will not eliminate the dilemmas that face us in our organisational roles, especially when it appears that our choices involve pitting one value against another (as is always the case in an ethical dilemma, on our understanding). It is not a prescription for simple remedies or a promise that this approach will precipitate the ultimate triumph of right over wrong.

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However, the book is written from a position of optimism. It cannot be said that embracing ethics will necessarily lead to worldly success, and sometimes the opposite seems to apply, but we would assert that the pursuit of ethics is worthwhile. The book will seek to make it clearer in what sense it is “worthwhile” to be ethical. It is written both for the doubters – those who would like to believe it is possible to work or manage ethically but who think it is an unrealistic fancy, and for the believers – those who maintain that living ethically is a necessity, come what may.

### ***Outline of the book***

The book is divided into two parts and is made up of ten chapters. Part A consists of chapters 1 to 5, while Part B consists of chapters 6 to 10.

*Part A: Core human values: A framework for conduct*, explains the ideas presented in this book. It discusses a practical and personally effective approach to ethics in the workplace, and explains a model of the person in terms of core human values. This model, along with a model of the different ways in which people see the world, forms the foundation for Part B, which looks at how to apply these concepts.

*Chapter 1: The contemporary business environment* looks at the pressures that are experienced generally by people working in organisations today. These pressures are generated by an environment of conflicting demands, where business imperatives commonly seem to be at loggerheads with ethical values and developmental goals. The chapter looks at why people act unethically, the psychological and sociological aspects. It asks why ethics is desirable and what possibility there is of fostering ethics in our organisational conduct.

*Chapter 2: The scope of ethics* tackles the problem of defining ethics, accommodating the ordinary senses in which we refer to ethics. It looks at three different “levels” of ethics – ethics as it relates to laws or other standards (codes of conduct and the like), ethics as it describes the impact of conduct on other people and on relationships, and ethics as it relates to deeper personal identity and integrity. The chapter describes the social process of articulating and formulating ethics in society and in organisations.

*Chapter 3: Ethics as core human values* looks at the concept of values as a basis for discussing ethics. It distinguishes values from emotions and attitudes. It presents a five-dimensional model of the person as the foundation for a common language for ethics, and a resolution of the problem of communicating and interacting with people who have different perceptions of the world. The core human values are based on the idea that a human being has five dimensions – cognition, emotion, valuing, spirit (energy) and identity (self, soul or psyche). Each dimension is linked with a core human value. This approach is contrasted with other approaches to framing social and organisational values.

The links between the model and the idea that there are three “levels” of ethics are explored. Some particular issues are addressed using the core human values framework: the relevance of job competency, and the disjunctions that occur between ethical rhetoric and actual conduct in the workplace. This raises the issue that different people often seem to hold differing sets of values, and perhaps we have to consider that people’s values evolve through different stages.

*Chapter 4: The development of personal ethics* presents an account of how humans develop through different stages of understanding about ethics. It discusses different “stage” theories, such as the cognitive approach of Kohlberg and the needs approach of Maslow. The emotional side of moral development is examined, together with the development of attitudes in the moral area. This examination takes us into an exploration of how people make transitions from one perspective to another.

*Chapter 5: The Values Evolution Model* describes a model developed by Brian Hall and others to explain the differences in values that people exhibit. This model postulates that people’s behaviour and perceptions of the world can be characterised as seven world views. The values that are associated with each world view are described. The five-dimensional model of the person and the corresponding core human values are looked at in the framework of values evolution.

The chapter describes how people develop and make transitions between stages, and the skills they acquire along the way. The possibility of having a shared understanding of ethics when people see the world differently is explored.

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*Part B: Workers and managers at work*, explores how the concepts in Part A can be used in the workplace, both by managers and non-managerial employees. The chapters in this part look at roles, scripts and decision-making, and personal development of ethics using the core human values model.

*Chapter 6: Working ethically in organisations* looks at the social issues involved in applying an ethical approach in organisations, for both managers and non-managerial workers. It addresses ethical conduct in terms of the three levels of ethics – rules (right/wrong), relationships and personal identity. Two aspects of this investigation are: taking account of the effects of organisational roles and culture on behaviour, and the establishment and use of scripts to guide our conduct.

*Chapter 7: Making decisions ethically* focuses on the process of making decisions. Decision-making complements scripts as the method for dealing with work situations. The focus is placed on both the steps involved in decision-making and the criteria that need to be applied to make the process meaningful. The critical issue of conflicts in values is addressed.

Decision-making is seen to have a significant psychological dimension; it is not just cognitive. This leads to an examination of what we can call intuitive decision-making. This latter approach is reconciled with the former process model.

*Chapter 8: Ethical leadership in organisations* applies the core human values to organisational situations and dilemmas. The chapter recognises that much organisational behaviour is conditioned by culture rather than by explicit decision-making processes. It addresses the questions of organisational roles, power and influence, and the implications for managing change. It also discusses the wider issue of the purposes of organisations, and describes organisations using the framework of the Values Evolution Model.

The question of whether it is possible to talk about the “ethical organisation” is addressed. The chapter provides some comments on the challenge of championing ethics in organisations, and characterises leadership using the core human values.

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*Chapter 9: Personal growth and development* provides an action plan for assessing one's own progress and fostering personal growth and development. It offers strategies for working on ethics, considering it as the key to personal excellence, effectiveness and integrity. The question of beliefs – their origin, impact and evolution – is addressed. The chapter includes discussion of issues such as the exercise of judgement, incorporating the core human values into one's working life, and using the Values Evolution Model .

*Chapter 10: Coda: present perfect* returns to the question of the relationship between ethics and success, broached at the beginning of the book. This issue lies at the heart of ethics; it is often a haggling point among philosophers and just as often among people in business, whether they are CEOs or humble employees.

The chapter also explores the issue of personal style and seeks to clarify the distinctions between style and human values. It also considers how we can foster our personal development of ethics and overcome discouragement.